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NOMINATION OF WILLIAM H. KENNOY

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

THE NOMINATION OF WILLIAM H. KENNOY TO BE A MEMBER OF THE BOARD OF DIRECTORS, TENNESSEE VALLEY AUTHORITY

MARCH 14, 1991

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NOMINATION OF WILLIAM H. KENNOY

THURSDAY, MARCH 14, 1991

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
Washington, DC.

The committee met, pursuant to notice, at 9:39 a.m. in room 406, Dirksen Senate Office Building, Hon. Quentin N. Burdick [chairman of the committee] presiding.

Present: Senator Burdick.

OPENING STATEMENT OF HON. QUENTIN N. BURDICK, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. The Committee on Environment and Public Works meets this morning to consider the nomination of Mr. William H. Kennoy to be a member of the Board of Directors of the Tennessee Valley Authority.

This position has been vacant since May of last year. It is important to the citizens of the seven States which are a part of the TVA region that all members of the Board of Directors be in place as soon as possible.

The last time this committee considered a TVA nomination was in December 1987 when Marvin Runyon was nominated as Chairman of the Board. That appears to have been a good selection.

We are pleased to have with us this morning the junior Senator from Kentucky, Mr. Mitch McConnell, who will introduce Mr. Kennoy. Senator McConnell, please proceed as you see fit.

STATEMENT OF HON. MITCH McCONNELL, U.S. SENATOR FROM THE STATE OF KENTUCKY

Senator MCCONNELL. Thank you, Mr. Chairman. I appreciate the opportunity to be here this morning for this hearing on the nomination of my good friend and fellow Kentuckian, Bill Kennoy.

I am pleased that President Bush has taken my suggestion and nominated Bill as the first Kentuckian to serve a full term. We did discover that there was a Kentuckian who served for a couple of years sometime decades back.

Given the important economic relationship that exists between TVA and western Kentucky, we in Kentucky have felt it's important that we have a voice in the Board's policy decision.

TVA is a major contributor to the Commonwealth's economy, employing over 2,000 Kentuckians with a payroll of $61 million. TVA serves over 220,000 homes and businesses, making Kentucky its fourth largest service area. TVA is also a large and growing cus-

tomer for two of western Kentucky's most important industries—enriched uranium and coal. TVA is also operating nuclear power plants by enriched uranium produced at the Department of Energy's plant in Paducah.

By the end of the decade, TVA plans to have seven more nuclear power plans on-line providing a new large market for enriched uranium. TVA coal-fired utility boilers also burn 24 million tons of west Kentucky coal per year.

In my opinion, Bill Kennoy will make a fine director. An Alabamian by birth, Bill is a long-time resident of Kentucky. His extensive hands-on experience in the utility and municipal services industries equip Bill with the knowledge and tools needed for service on the Board. As you may know, Bill is the principal and CEO of Kennoy Engineers, an environmental engineering firm in Lexington. Kennoy Engineers has designed and supervised construction of dams and reservoirs in Kentucky and Missouri, upgraded and expanded municipal water and sewer facilities, and assisted utilities with rate structures and financing expansions.

Previously, Bill was a commissioned officer with the U.S. Public Health Service. He's a registered professional engineer in both Kentucky and Alabama, and his father was a professional engineer with TVA in the late 1930's.

I am confident that Bill will make a positive contribution to the operation of TVA and I certainly urge the committee to quickly send his nomination to the full Senate for approval.

Let me say, Mr. Chairman, I am supposed to be in a hearing going on at the very same moment. I appreciate the chance to be here to introduce Bill and look forward to his speedy confirmation.

Senator BURDICK. Thank you, Senator.

I would like to report that Senators Chaffee, Ford, and Gore have submitted statements for the record.

[The statements referred to follow:]

STATEMENT BY

SENATOR JOHN H. CHAFEE

ON THE NOMINATION OF WILLIAM H. KENNOY TO BE A MEMBER OF THE

BOARD OF DIRECTORS OF THE

TENNESSEE VALLEY AUTHORITY (TVA)

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

MARCH 14, 1991

MR. CHAIRMAN, I WOULD LIKE TO WELCOME MR. KENNOY TO THE COMMITTEE THIS MORNING. I KNOW HE HAS BEEN LOOKING FORWARD TO THIS HEARING, HAVING BEEN NOMINATED BY THE PRESIDENT TO SERVE ON THE TENNESSEE VALLEY AUTHORITY BOARD OVER FOUR MONTHS AGO. I WOULD ALSO LIKE TO WELCOME MY FRIEND FROM KENTUCKY, SENATOR MCCONNELL, FOR TAKING TIME FROM HIS SCHEDULE TO HELP THE COMMITTEE IN ITS DELIBERATIONS.

AS YOU KNOW MR. CHAIRMAN, THE COMMITTEE HAS ALWAYS SOUGHT TO ENSURE THAT EVERY NOMINEE TO THE TVA BOARD WE RECOMMEND FOR CONFIRMATION IS OF THE HIGHEST CALIBER AND HAS THE EXPERTISE TO SERVE THE AUTHORITY AND THE VALLEY REGION. THE COMMITTEE HAS AN OBLIGATION TO PROVIDE THE VALLEY WITH QUALITY LEADERSHIP. I THINK MY COLLEAGUES WILL AGREE THAT CONGRESS IS IMPRESSED WITH THE WAY THE AUTHORITY'S CURRENT CHAIRMAN, MARVIN RUNYON, IS RESTRUCTURING TVA'S OPERATION.

THE TENNESSEE VALLEY AUTHORITY IS A UNIQUE GOVERNMENT AGENCY. ALTHOUGH THE AUTHORITY HAS RESTARTED 2 NUCLEAR PLANTS, OPERATES 11 COAL-FIRED PLANTS AND OVERSEES AND MAINTAINS NUMEROUS HYDROELECTRIC GENERATING FACILITIES, IT IS NOT JUST A POWER UTILITY. THE AUTHORITY'S BROAD MANDATE INCLUDES THE IMPROVEMENT OF NAVIGATION AND THE PROVISION OF FLOOD CONTROL ON THE TENNESSEE RIVER, AND THE PROVISION OF AGRICULTURAL AND INDUSTRIAL DEVELOPMENT IN THE SEVEN STATE TENNESSEE VALLEY REGION. TVA ALSO SERVES AS A MODEL FOR DEVELOPING NATIONS AS THEY STRUGGLE WITH ISSUES OF DEVELOPMENT AND THE PROTECTION OF THE ENVIRONMENT.

I AM PARTICULARLY INTERESTED IN TVA'S RESEARCH AT THE NATIONAL FERTILIZER AND ENVIRONMENTAL RESEARCH CENTER IN MUSCLE SHOALS. THAT OPERATION HAS DONE EXTENSIVE WORK IN THE PREVENTION OF NON-POINT SOURCE POLLUTION AND SOIL EROSION. ON THE SUBJECT OF SOIL EROSION, I WANT TO COMMENT ON THE PROPOSAL TO CONSTRUCT WOOD CHIP MILLS ALONG A TWELVE MILE STRETCH OF THE TENNESSEE RIVER. IT IS IMPERATIVE THAT THE PLAN RECEIVE ADEQUATE ENVIRONMENTAL REVIEW. AT A TIME WHEN MORE AND MORE OF OUR RIVERS AND SHORELINE ARE ADVERSELY AFFECTED BY DEVELOPMENT, I WOULD HATE TO SEE THE AUTHORITY MISS AN OPPORTUNITY TO FULLY INVESTIGATE THE ENVIRONMENTAL IMPLICATIONS OF THESE PROPOSALS.

AS TVA ENTERS THE 1990'S, THE COMMITTEE WILL BE MONITORING ITS EFFORTS TO COMPLY WITH THE CLEAN AIR ACT AMENDMENTS AND

RESTRUCTURE ITS NUCLEAR PROGRAM. IN BOTH AREAS THERE ARE REAL OPPORTUNITIES TO BREAK NEW GROUND. FURTHER, I AM INTERESTED IN TVA'S INITIATIVES TO CONSERVE ENERGY. IN THE 1970'S, TVA PIONEERED ONE OF THE NATION'S LARGEST ENERGY CONSERVATION PROGRAMS. THESE EFFORTS, I AM TOLD, HAVE BEEN SCALED BACK IN RECENT YEARS, AND THAT CONCERNS ME. IT IS IMPERATIVE THAT WE FOCUS ON CONSERVATION. RATHER THAN EXPRESSING INTEREST IN THE CONSTRUCTION OF NEW NUCLEAR PLANTS AS CHAIRMAN RUNYON HAS HINTED, TVA SHOULD RETHINK ITS ENERGY CONSERVATION POLICY.

SO, MR. KENNOY, THE CHALLENGES BEFORE THE TENNESSEE VALLEY AUTHORITY ARE GREAT. RESOLVING THE CONFLICT BETWEEN PROVIDING QUALITY SERVICE AND PROTECTING THE ENVIRONMENT IS NEVER EASY, BUT I BELIEVE YOU ARE UP TO THE JOB.

MR. KENNOY, THE COMMITTEE LOOKS FORWARD TO YOUR TESTIMONY.

REMARKS BY U.S. SENATOR WENDELL FORD
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
MARCH 14, 1991, WASHINGTON, D.C.

Mr. Chairman, I had hoped to come before this committee today to personally express my strong support for the nomination of a fellow Kentuckian, William H. Kennoy, to the Board of Directors of the Tennessee Valley Authority.

Unfortunately, I am unable to appear in person because of a time conflict involving the Senate Committee on Rules and Administration, of which I am chairman. I hope and trust that this will not detract in any way from my wholehearted support for prompt confirmation of this highly appropriate nomination.

I am aware of many excellent reasons for placing Mr. Kennoy on the TVA Board. But let me say first that I am extremely pleased that a Kentuckian has finally been nominated. Only one Kentuckian has served on the board in the long history of the TVA, and that was only for a short term of service. So we have waited a long time.

As you know, the Tennessee Valley Authority over the years has made immeasurable contributions to water and power development and overall economic progress in Kentucky and the entire TVA region. But in spite of all the progress we have made, we now face greater challenges than we have ever faced in maintaining this great legacy of economic development.

For this reason, I have taken a keen interest in this nomination. I have met with Mr. Kennoy, as have members of my staff, and I can tell you that I am highly impressed with this nominee on a personal as well a professional level. I am convinced that he will be able to bring the interests of Kentucky into focus on the TVA Board. And I am equally convinced that he will be a great asset to the entire region.

I believe that William Kennoy's qualifications speak for themselves. I am pleased that he holds a civil engineering degree from the University of Kentucky. And I am most impressed with his professional background in the U.S. Public Health Service and in private engineering work involving water projects and a wide range of other public-improvement efforts.

Mr. Kennoy knows the TVA region, and he knows our problems. He understands that the true spirit of the Tennessee Valley Authority lies in grassroots partnerships to meet the needs of the future. He has expressed this understanding with great clarity, and I see this as perhaps the best of all reasons for confirming his nomination to the TVA Board. Once again, Mr. Chairman, I strongly recommend that this nomination be advanced in the most timely possible manner.

ALBERT GORE, JR.
TENNESSEE

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STATEMENT OF SENATOR AL GORE

HEARING ON THE NOMINATION OF WILLIAM H. KENNOY

MARCH 14, 1991

Mr. Chairman, I want to thank you and the distinguished members of the Environment and Public Works Committee for this opportunity to comment on the nomination of William H. Kennoy as a Member of the Tennessee Valley Authority Board of Directors. As you know, I have a very special interest in the Tennessee Valley Authority and the crucial role it plays in the development of my home state of Tennessee, and the entire Valley region.

I met with Mr. Kennoy shortly after President Bush nominated him to the TVA Board. I am encouraged that he shares my commitment to the TVA as a public agency responsible for power distribution and for economic and community development promoting the general welfare of the Tennessee Valley Region. When it was established in 1933 and dubbed the "great experiment," TVA was charged with drastically improving the quality of life in the nation's poorest region. In turn, TVA used the region's tremendous natural resources and the spirit of the region's people to develop and promote economic, natural resource and agricultural development and to produce low-cost energy.

The Tennessee Valley Authority's success in hydroelectric power generation made it a model of energy efficiency for the nation. In many sectors of energy development, TVA is the yardstick for the utility industry. TVA distinguished itself as more than an electric company, it developed and established many successful programs in agricultural research, soil conservation, farm innovation, water resources and waste management, tourism promotion, rural development, and countless economic assistance initiatives, including job placement and training.

However, during the late 1970s and the 1980s the Agency's reputation became tarnished for the first time -- its rates were increasing, it was plagued with management problems and problems with the nuclear power program. Decisive action was needed and TVA was faced with either getting its own house in order or having fundamental changes forced on the agency through legislative means. Finally, in 1988 the tides began to shift again, the TVA Board responded by tightening TVA's management and increasing accountability.

The last few years have not been easy. The Reduction-In-Force policy often left many Valley employees out of work and there have been some concerns that TVA is too quick to switch from salary employees to contract workers. However, I have been willing to give Chairman Runyon and the Board time and flexibility to implement ideas and practices which would put TVA

back on the course of achievement and national leadership. I intend to monitor closely all measures related to the structure and management of TVA; and I look forward to a strong, cooperative working relationship between the TVA Board and t e Congress.

There is good news. We are currently enjoying the third consecutive year that TVA power rates have remained frozen. TVA has launched impressive initiatives for the advancement of economic growth in the region and has shaped its initiatives according to the most recently available technologies. The National Fertilizer and Environmental Research Center is one of the premier fertilizer research institutes in the world. I am exceptionally pleased that TVA has included in its agenda environmental leadership -- highlighted by the recent unveiling of its 10 Year Plan For Environmental Leadership.

Now that TVA is completing its reorganization, I challenge the Board Members and leaders to seize the opportunity to use TVA's combined roles of a public utility and a national demonstration agency to be a pioneer in the field of developing new and environmentally sound waste management technologies, such as the RDF technology. TVA should promote and develop innovative ways to address the more complex problems facing the Valley.

I want to add that Mr. Kennoy and the other Board Members should adamantly oppose any efforts to privatize TVA. I repeat my belief that privatization is a political idea, not an economic one. Selling this valuable public asset would carry enormous cost, with very little revenue in return. And the essential economic and community development programs of TVA, operated separately from the power program, would die on the vine.

In closing, I especially want to see TVA remain committed to the people in the Tennessee Valley. Valley residents have been and continue to be dedicated to TVA programs and to making them work well. Any TVA program, policy or action must be taken with full consideration given to the people of the Tennessee Valley. The ultimate goal must reflect our great concern for their welfare. With this in mind, Mr. Kennoy will be able to carry out the intent and philosophy behind the creation of TVA.

Once again, I want to thank the Chairman and committee for including this statement as part of the hearing record. I look forward to learning the insights and ideas that Mr. Kennoy has concerning TVA and its future direction.

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Senator BURDICK. Mr. Kennoy, do you have a statement?
Mr. Kennoy: Yes, sir.

STATEMENT OF WILLIAM H. KENNOY, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS, TENNESSEE VALLEY AUTHORITY

Mr. KENNOY. Thank you, Mr. Chairman, and thank you, Senator McConnell.

It's an honor to come before you today as the President's nominee to serve on the Board of Directors of the Tennessee Valley Authority. I welcome the privilege to take part in this confirmation process.

I'm grateful for the President's and Senator McConnell's support, and the confidence they've shown in recommending and nominating me for this opportunity to serve my country and my neighbors who live in the States of the Tennessee Valley.

TVA has compiled a great legacy of achievement since Congress created this unique Federal corporation in 1933. TVA's programs in flood control, resource planning, power generation, and agricultural and environmental research have continually broken new ground. Collectively, TVA's achievements over the years have contributed greatly to improving the quality of life in the Tennessee Valley, in our Nation, and in many parts of the world.

My home State of Kentucky includes 21 counties in the TVA region. I've seen the improvements and I support the work TVA has done in partnership with the people of Kentucky. TVA's Land Between The Lakes recreation area in southwestern Kentucky is an example of resource stewardship that is enjoyed by people from all around the country.

From a personal standpoint, my life is interwoven with the history of TVA. I was born, as the Senator said, in the TVA region in Huntsville, Alabama, while my father was a professional engineer working with TVA. At that time, he was helping to build two of TVA's largest dams—the Wheeler and Guntersville Dams across the Tennessee River in northern Alabama.

Later, I became an engineer, and during my 30-year professional career I have specialized in water-related projects. As a commissioned officer in the U.S. Public Health Service in the early 1960's, I helped communities meet water quality standards. Today, I have inactive status with the rank of Commander in the U.S. Public Health Service Reserves.

Since 1971 I've been the Principal and Chief Executive Officer of Kennoy Engineers, a firm that my late father founded in Lexington in 1946. In my 20 years of managing Kennoy Engineers, I've gained experience that will assist me in better understanding and participating in the work of TVA.

My firm's experience includes the design and supervision of dam and reservoir construction, dam inspections, and public water projects. We have designed and supervised more than 100 water treatment facilities, and more than 5,000 miles of water and sewer lines.

I have extensive experience in working with local leaders to develop the complex financing needed for public works projects. That

means helping to develop reasonable rate structures, and putting together bond issues and applications for Federal loans and grants for these projects. Involvement at this grassroots level has given me a practical perspective of the needs and problems that face towns and communities in upgrading public services.

Water and electricity are basic building blocks for economic development, whether it's keeping pace with growth or stimulating new growth. TVA must meet the demand for power by using the most cost efficient balance between production and conservation, and it must help protect the quality of the Valley's water. TVA's success in those two areas is central to the quality of life in the Valley.

I am an experienced private business manager who's worked extensively with the public sector to help meet public service needs. I believe my background will complement the talents and experience of TVA Chairman Marvin Runyon and Director John Waters, as we work as a team in providing leadership for TVA.

All across our Nation people are coming face-to-face with the realization that Americans must be better prepared to compete successfully in today's global economy. TVA offers a ready-made vehicle to help put the pieces together, demonstrating how effective a coordinated regional effort can be. Problems were solved through regional partnerships, and TVA works as a catalyst for the wise development of the region's resources.

Today, the Tennessee Valley faces new challenges, and many of these challenges are similar to those faced by other parts of our Nation. There's a need for comprehensive solid waste management, safe, clean and efficient power production, and a coordinated approach to restore and protect water quality. TVA can address those needs and offer programs as models to the rest of the Nation so they can be adapted to meet specific needs.

TVA was established as a national laboratory for ideas that promote the wise planning and development of the region's resources. The basic challenge remains the same, and that is to find the right balance between nurturing economic growth and protecting the quality of the region's resources. The authority granted in the TVA Act has provided the right foundation to achieve that balance.

Just as TVA pioneered rural electrification and demonstrated its economic benefits, today TVA can pioneer grassroots partnerships to bolster the continuing economic development of the Tennessee Valley and our Nation.

I welcome the opportunity to help continue the revitalization of this unique national asset, as a creative force in the future of the Valley. I endorse TVA's commitment to be the very best electric utility in North America, and the most productive and effective agency in the Federal Government.

I appreciate the committee's consideration of my nomination which for me represents both a great honor and a great challenge. With your concurrence, I look forward to this opportunity to serve my country and the people of the TVA region.

Thank you, Mr. Chairman. I'd be pleased now to answer any questions you might have.

Senator BURDICK. Thank you.

Do you know of any interests you have, financial or otherwise, that might create a conflict of interest in your new position if you are confirmed?

Mr. KENNOY. No, sir, I don't.

Senator BURDICK. If confirmed, are you willing to appear before any committee of the House or Senate if requested to do so?

Mr. KENNOY. Yes, sir, I will.

Senator BURDICK. I have some additional questions I'd like you to respond to for the hearing record. They will be submitted to you and we'll give you two weeks to make the reply. Is that a reasonable period of time?

Mr. KENNOY. Yes, sir, that would be fine.

Senator BURDICK. Senator Lieberman, a member of this committee, will also submit questions for the record.

[The questions and the answers thereto follow:]

QUESTIONS FROM SENATOR QUENTIN BURDICK

QUESTION 1. Mr. Kennoy, what particular expertise do you have that you believe will be valuable to the TVA Board of Directors?

ANSWER. I am an experienced private business manager, who's worked extensively with the public sector to help meet public sector needs. I have more than 30 years' experience as a professional engineer, 20 of those years I have spent managing Kennoy Engineers, Inc. an engineering firm my late father founded in 1946. Since 1971, I have been Chief Executive Officer of the company, which specializes in water-related projects. My experience includes overseeing the design and supervision of more than 100 water treatment facilities, and more than 5,000 miles of water and sewer lines. I have also served as a commissioned officer in the U.S. Public Health Service in the 1960s, where I helped communities meet water perspective of the needs and problems that face towns and communities in upgrading public services, and has prepared me to better understand and participate in the important work of TVA.

QUESTION 2. President Bush's proposed fiscal year 1992 budget would cut TVA's appropriated programs by over 30 percent. What do you think about this action? Do you think TVA can fulfill its mandate if appropriated funds are cut so drastically?

ANSWER. I wholeheartedly support TVA's work in the areas of water quality, flood control, economic and rural development. Given my experience working with local communities and with the development of water resources, this is an area I intend to devote much time and attention to. Once on the TVA Board, I will be in a better position to assess what specific impacts the proposed cuts could have on TVA's mission.

QUESTION 3. Criticism has been leveled by some that TVA is losing momentum in its environmental awareness and programs. Do you have any comment on this? How deep is your commitment to environmental issues?

ANSWER. I am committed to protecting the environment, and as I said in my testimony, I feel TVA must meet the demand for power by using the most cost efficient balance between production and conservation. I believe TVA's success in achieving that balance is central to the quality of life in the Tennessee Valley.

QUESTION 4. TVA's nuclear program has been virtually dormant for some years. There have been press reports that the agency may begin construction of a new nuclear plant. What are your thoughts on this? Do you support an expanded TVA nuclear program?

ANSWER. It is my understanding that TVA currently has the Sequoyah nuclear plant operating and has plans to restart one of the units at the Browns Ferry nuclear plant soon. Once confirmed, I intend to devote a great deal of time and effort to assessing what the Valley's future power needs will be and how best to meet those needs. I will need more information before I can determine what methods are best to meet those needs from an economic and environmental standpoint.

QUESTION 5. There has been criticism on the part of some TVA employees that the agency has been utilizing outside contractors for work that could well be done by existing TVA personnel. Do you have any comments on this?

ANSWER. I believe TVA should have the flexibility to contract work out to the private sector when necessary to meet specific needs. I understand TVA uses contractors for specific purposes for specified periods of time when it is to the benefit of the

Tennessee Valley's residents and ratepayers. This is an area which I need more information, and I will study this matter in greater and will carefully assess the use of contract personnel once I have joined the Board.

QUESTIONS FROM SENATOR JOHN CHAFEE

QUESTION 1. As a result of TVA's goal of steady rates to customers for three years, TVA has stated that low cost electricity has attracted new industries to the region. What is the current electricity demand growth rate in the TVA service area and what is it projected to be?

ANSWER. It is my understanding that the rate of growth in the Tennessee Valley region is expected to be between 2.5 and 3.0 percent annually over the next few years.

QUESTION 2. If TVA employs conservation and efficiency measures, least cost planning, and brings all existing nuclear plants into safe operation, when do you project building new electricity generating capacity? What type of generating plant will the new capacity most likely be?

ANSWER. I believe TVA should strive to meet the demand for power by using a cost efficient balance between production and conservation. There are a number of complex issues surrounding future power needs, and I intend to devote a considerable amount of time and energy to them before I make decisions on these matters.

QUESTION 3. Mr. Marvin Runyon has stated that new electricity demand may be met by building a new nuclear energy plant by the year 2000. What is TVA's position with regard to plant licensing reform and final high level waste disposal proposals?

ANSWER. Senator, these are two areas that are of significant importance to TVA and to the Nation, but at this time without further study, I cannot answer these questions with any expertise. However, I am sure these are questions that will come before me when I am on the Board.

QUESTION 4. Would you outline the type of projects Kennoy Engineers, Inc., is involved in and your role in the operation of the company?

ANSWER. Kennoy Engineers, Inc., is an engineering firm specializing in water-related projects. Specifically, the company has been involved with the design and supervision of dam and reservoir construction, dam inspections and public water projects, including storm water planning and flood control projects. In addition, the firm has designed and supervised more than 100 water treatment facilities, and more than 5,000 miles of water and sewer lines. I have more than 30 years' experience as a professional engineer, 20 of those years I have spent managing Kennoy Engineers, Inc., an engineering firm my late father, John Sharp Kennoy, founded in 1946. Since 1971, I have served as Principal and Chief Executive Officer of the company.

QUESTION 5. The restructuring of TVA's nuclear operation is of major importance to the efficiency of the Authority. As far as I can see from your résumé, you lack experience in the nuclear area. Does that lack of experience concern you?

ANSWER. I agree that the continued safe and efficient operation of TVA's nuclear power program is vital to TVA's future. Even though I have no experience in the actual operations of a nuclear powerplant, I am a professional civil and sanitary engineer and have had training and experience in the protection of the health and safety of the public. In the 1960's as a commissioned officer in the U.S. Public Health Service, I directed a water analysis laboratory for radionuclides in water for the Southeastern Radiological Health Laboratory, and was a member of a team which located and cleaned up a plutonium leak on the University of Alabama campus.

In addition, my experience as Chief Executive Officer of Kennoy Engineers, Inc., includes management of project managers, project engineers and other technical personnel in all facets of construction projects, from initial planning and financing, through the design, supervision of construction and operation of complex water and waste water treatment facilities.

I feel confident that TVA has obtained top-flight nuclear management to operate its nuclear program, and as a TVA Director I will use my position to help ensure the safe, efficient, and reliable operation of its nuclear powerplants.

QUESTION 6. In what ways do you think TVA can serve as a national leader in environmental protection?

ANSWER. TVA was established as a national laboratory for ideas that promote the wise planning and development of the Tennessee Valley's resources. That mission was true in 1933 and I feel it is true today. The Valley faces many new challenges

and many of those are similar to those faced in other parts of the nation. Comprehensive solid waste management, safe, clean, and efficient power production and a coordinated approach to restore and protect water quality. TVA can address those needs and offer programs as models to the rest of the nation so they can be adopted to meet specific needs.

QUESTION 7. What role should energy conservation play in meeting the energy demands of the Tennessee Valley?

ANSWER. I feel TVA must meet the demand for power by using the most cost efficient balance between production and conservation. I believe TVA's success in achieving that balance is central to the quality of life in the Tennessee Valley.

QUESTIONS FROM SENATOR JOSEPH LIEBERMAN

QUESTION 1. What role do you think energy efficiency and renewable energy should play at TVA to meet future power needs?

ANSWER. As I said in my testimony, I feel TVA must meet the demand for power by using the most cost efficient balance between production and conservation. I believe TVA's success in achieving that balance is central to the quality of life in the Tennessee Valley. Once confirmed, I intend to devote a great deal of time and effort to assessing what the Valley's future power needs are and how best to meet those needs. I will need more information before I can determine what methods are best to meet those needs from an economic and environmental standpoint.

QUESTION 2. We require the Bonneville Power Management Association to do Least-Cost-Planning and it has been an overwhelming success. Shouldn't TVA be doing Least-Cost-Planning?

ANSWER. It is my understanding that TVA does use least-cost-planning in its decision-making process. However, I intend to learn more about the process and will do so once on the Board.

QUESTION 3. Would TVA object to a formal requirement to do least-cost-planning?

ANSWER. As I noted in my answer to question 2, it is my understanding that TVA does utilize least-cost-planning in its decision-making process. This is an area which I intend to devote a great deal of time and effort once on the Board.

QUESTION 4. How should utilities look at environmental externalities in planning for new energy supplies? The States of New York and California have formally incorporated environmental externalities, will we see TVA doing the same?

ANSWER. This is an area, quite frankly, in which I need to become more familiar with, and will do so once on the Board.

QUESTION 5. This year presents the Congress with both the responsibility and the opportunity to craft a National Energy Strategy. In testimony before the Subcommittee on Environmental Protection, witnesses from World Resources Institute, Worldwatch, the Alliance to save Energy, the Natural Resources Defense Council all urged us to look at ways the Federal Government—as the largest user in our country of energy—could conserve energy and employ its use more efficiently. What plans does TVA have for energy conservation and more efficient use of energy within its own operations?

ANSWER. I support the wise use of energy and I believe TVA should continue to look for ways to conserve energy use in its own operations. I intend to give this issue a much closer look once on the TVA Board.

Senator BURDICK. If there is nothing further, the meeting is adjourned.

Mr. KENNOY. Thank you, Mr. Chairman.

[Whereupon, at 9:50 a.m., the committee adjourned, to reconvene at the call of the Chair.]

[Mr. Kennoy's résumé and responses to a committee questionnaire follow:]

WILLIAM H. KENNOY

Kennoy Engineers, Inc.
851 Corporate Drive
Lexington, KY 40503
(606) 223-1000

503 3900 Crosby Drive
Lexington, KY 40515
(606) 273-1080

EXPERIENCE

1971 TO PRESENT — **KENNOY ENGINEERS, INC. - PRINCIPAL AND CEO**

Principal and Chief Executive Officer for medium-size environmental engineering firm which has completed the design and supervision of more than one hundred municipal water and sewer facility improvement and appurtenances projects with several thousand miles of utility pipeline, totaling approximately 100 million dollars in construction costs. Firm also prepared approximately thirty 201 Facility Plans for areas of Kentucky as will as the 20-Year Storm Water Master Plan for the City of Lexington, Kentucky. Engineering work by the firm also includes design and construction supervision of dams and reservoirs in Kentucky and Missouri, and inspection of 60 dams in Kentucky for the U.S. Army Corps of Engineers. Firm assists municipal utilities with rate structures, planning, and financial packaging including municipal bonds, federal loans and grants.

1963 TO 1971 — **KENNOY & COMPANY, INC. - VICE PRESIDENT**

Responsible for design and supervision of hundreds of miles of water supply and distribution facilities for cities and county utility water districts in Kentucky.

1961 TO 1963 — **COMMISSIONED OFFICER - U.S. PUBLIC HEALTH SERVICE, SANITARY ENGINEER GRADE DIVISION OF RADIOLOGICAL HEALTH, MONTGOMERY, ALABAMA**

Directed water analysis laboratory for radionuclides in water for the Southeastern Radiological Health Laboratory

Member of Broken Arrow Nuclear Disaster Team which located and cleaned up plutonium leak on University of Alabama campus.

1960 TO 1961 — **STATE OF CALIFORNIA DIVISION OF WATER ENGINEER ON SAN JOAQUIN VALLEY DRAINAGE INVESTIGATION TEAM**

REGISTRATION

Registered Professional Engineer (Alabama Civil PE Number 6027)
Registered Professional Engineer (Kentucky Civil and Sanitary PE Number 5672)
Registered Land Surveyor (Kentucky LS218)

EDUCATION

University of Kentucky, BS CIVIL ENGINEERING, 1960

KEYS Men's Honorary Scholastic Society
Commander, Commissioned Corps U.S. Public Health Service (inactive reserve)
Basic Radiological Health and Radionuclides in Water
Short Courses at Taft Engineering Center, Cincinnati, Ohio

Honolulu, Hawaii, VALUE ENGINEERING CERTIFICATE, 1978

PROFESSIONAL MEMBERSHIPS

National Society of Professional Engineers
Kentucky Society of Professional Engineers
American Society of Civil Engineers
American Waterworks Association
Society for Marketing Professional Services
Kentucky Consulting Engineers Council
American Consulting Engineers Council
Commissioned Officers Association, U.S. Public Health Service
American Consulting Engineers Council Insurance Committees and Rural Committee
Kentucky Consulting Engineers Council Legislative Committee, Chairman

PERSONAL DATA

Date of Birth: February 24, 1937, Huntsville, Alabama
Father was a Professional Engineer with TVA on the Joe Wheeler Dam and Guntersville Dam in the late 1930's.
Hobbies include downhill snow skiing and astronomy.
Chairman, Fayette County Republican Party
Owned and piloted helicopter for utility construction inspection

UNITED STATES SENATE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Kennoy (Last) William (First) Howell (Middle)

Position to which nominated: Board of Directors Tennessee Valley Authority

Date of Nomination: January 4, 1991

Date of birth: 24 (Day) 2 (Month) 37 (Year) **Place of birth:** Huntsville, Alabama

Marital status: Divorced **Full name of spouse:** Not Applicable

Name and ages of children:

William Christopher	Deceased at 24 yrs in 1986
Kelly Suzanne	24
Leigh Andrea	21

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Kentucky	1956-1960	BS Civil Engineering	1960
Short Courses:			
Taft Engineering Center Basic Radiological Health Cincinnati, Ohio	2-62	Certificate & C.E.U.'s - 1962	
Taft Engineering Center Radionuclides in Water Cincinnati, Ohio	2-62	Certificate & C.E.U.'s - 1962	
American Consulting Engineers Council "Value Engineering" Honolulu, Hawaii	7-78	Certificate & C.E.U.'s - 1978	

Employment record: List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

Engineer, Drainage Investigation, Division of Water, State of California, Sacramento, 1960-61

Engineer, Supervised Water Analysis Lab, Commissioned Corps, U.S. Public Health Service, Division of Radiological Health, Southeastern Radiological Health Laboratory, Montgomery, Alabama, 1961-63

Vice President, Design and supervise construction of water facilities, Kennoy & Co., Inc., Lexington, Kentucky, 1963-71

Employment record—Continued

President and CEO, Kennoy Engineers, Inc., Lexington, Kentucky 1971-91

Honors and awards: List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Keys Honorary Scholastic Society - University of Kentucky

Eagle Scout

Memberships: List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Lexington Neighborhood Lake Assoc.	President	1983
KY Consulting Engineers Council	Legislative Committee, Chairman	1984-1991
National Society of Professional Engineers		1968-1991
Kentucky Society of Professional Engineers		1968-1991
American Society of Civil Engineers		1980-1991
American Waterworks Association		1971-1991
Society for Marketing Professional Services		1978-1982
Kentucky Consulting Engineers Council		1973-1991
American Consulting Engineers Council		1973-1991
Commissioned Officers Association, US Public Health Service		1980-1991
American Consulting Engineers Council Insurance Committees and Rural Committee		1983-1986

Qualifications:

State fully your qualifications to serve in the position to which you have been named.

I am a Registered Professional Civil Engineer in Alabama and a Registered Professional Civil and Sanitary Engineer in Kentucky.

Also, I am a Commissioned Officer (Commander) in the U.S. Public Health Service (inactive reserve) and received early experience and training in the field of Radiological Health.

As the owner and president of a consulting engineering company, I have spent over 20 years assisting municipal governments and utility districts by designing programs and construction projects to meet their many infrastructure needs at minimum cost to their utility consumers.

This includes the coordination of the funding programs of a number of federal agencies through limited loans and grants to assist these clients in the development of long range planning, water sources, financing, design and construction supervision of water and wastewater treatment plants. These projects total over 100 and include several thousand miles of water and sewer lines to provide basic facilities for the users' health and their domestic and economic well being. This required adherence to stringent environmental standards, all within spartan budgets.

While these programs have been on a much lesser magnitude than those of TVA, their components are similar with far less resources available for planning and implementation.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will resign as President/CEO and from the Board of Directors of Kennoy Engineers, Inc. and cease active management of both Kennoy Engineers, Inc. and C & K Properties, receiving no pay from either. I intend to keep my stock in Kennoy Engineers, Inc. and my ownership in C & K Properties as defined in the attached SF 278 form.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

No

3. Has anybody made a commitment to you for a job after you leave government?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

Not Applicable

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

Not Applicable

Financial Statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None

3. Are any assets pledged? (Add schedule).

(See attached SF278) I am co-signer as an individual on notes of Kennoy Engineers, Inc. for its equipment and Accounts Receivable and on the office building as mortgagee, but specific personal assets including stock and equities are not pledged.

4. Are you currently a party to any legal action?

No

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

Yes - An additional amount of $725.00 on my return for the 1983 tax year was determined to be due for that year rather than a later year because of a depreciation method change on a vehicle.

Potential conflicts of interest:

1. Describe any financial or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

None

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

Not Applicable

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

(See attached statement)

Political affiliation and activities: List all memberships and offices held in, or financial contributions (in excess of $1,000), and services rendered to any political party or election committee during the last 10 years.

Fayette County, Kentucky Republican Executive Committee

Vice Chairman - 1989-1990

Chairman - 1990-1991

Executive Committee - Kentucky Republican State Central Committee - 1990-1991

Campaign contribution to "Baseler for Mayor" - July, 1981 - $1,600.00

Published writings: List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

None

Additional Matters:

1. If there is any additional information which you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

None

2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes

3. Having completed this form, are there any additional questions which you believe the Committee should ask of future nominees?

No

AFFIDAVIT

William H. Kennoy) ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this 6th day of February , 1991.

Patricia S. Winter
Notary Public

My commission expires May 3, 1992.

TVA

Tennessee Valley Authority 400 West Summit Hill Drive Knoxville Tennessee 37902

OVERNIGHT MESSENGER

Mr. William H. Kennoy, President
Kennoy Engineers, Inc.
851 Corporate Drive
Lexington, Kentucky 40503

Dear Mr. Kennoy:

This statement is provided to you for your use in responding to question No. 5 of the "Potential conflicts of interest" section of the Committee on Environmental and Public Work's "Statement For Completion By Presidential Nominees."

The conflict-of-interest statutes applicable to the position for which you have been nominated, Tennessee Valley Authority Board of Directors, are the following:

1. Tennessee Valley Authority Act, Sections 2(e) and 2(f) (codified at 16 U.S.C. 831a(e), 831a(f) (1988)), applicable specifically to the TVA Board of Directors.

2. Statutes applicable to Federal officers and employees generally, including:

   A. The "Bribery, Graft, and Conflicts of Interest" provisions at 18 U.S.C.A. 202, 203, 205, 208, and 209 (Supp. 1990).

   B. The restriction on gifts to Federal employees, 5 U.S.C.A. 7353 (Supp. 1990).

   C. The prohibition on acceptance of honoraria, 5 U.S.C.A. app. 7 501(b) (Supp. 1990)

3. Restrictions on outside income and outside employment applicable to upper-level Federal officers who are not "career civil servants," 5 U.S.C.A. app. 7 501(a), 502 (Supp. 1990) (there has not yet been any official determination that these recently enacted provisions apply to TVA Directors, but we believe they would be found applicable).

TVA Directors should also comply with the TVA standards of conduct, 18 C.F.R. pt. 1300 (1990), and the "Principles of Ethical Conduct for

Government Officers and Employees," Executive Order No. 12,674 (Apr. 12, 1989, as amended). In accordance with the Executive order, the Office of Government Ethics will soon be issuing uniform standards of conduct which we understand will supersede the TVA standards.

We are enclosing copies of the above laws and regulations.

You have completed and submitted a Financial Disclosure Report (SF 278), pursuant to the provisions of the Ethics in Government Act, which I have reviewed. It is my opinion that no interest or position indicated on the financial disclosure report discloses a conflict of interest under applicable laws and regulations.

Section 2(e) of the Tennessee Valley Authority Act will require you to "devote [yourself] to the work of" TVA and avoid being "engaged in any other business . . . ." By resigning from your positions as president and board member of Kennoy Engineers, Inc., and ceasing active involvement in C&K Properties, as you have committed to do if confirmed by the Senate, you will comply with Section 2(e) as to those activities.

Section 2(f) of the TVA Act prohibits TVA Directors from having any financial interest in (1) any public utility corporation engaged in selling power to the public, (2) any corporation engaged in manufacturing, selling, or distributing fixed nitrogen, fertilizer, or ingredients thereof, or (3) any business that may be adversely affected by TVA's success as a producer of fertilizer or electric power. Based on our understanding that Kennoy Engineers, Inc., provides consulting and planning engineering for water and wastewater treatment and water and sewer line projects, we are aware of no interest of yours which would be contrary to Section 2(f).

You are not prohibited by Section 2(f) or any other law from retaining your ownership interests in Kennoy Engineers, Inc., or C&K Properties, and we understand you do intend to retain these interests. We further understand that as majority stockholder of Kennoy Engineers, Inc., you expect to monitor the company's financial activities and, if necessary, act as a stockholder to protect your interests. In my opinion, Section 2(e) of the TVA Act permits occasional and intermittent activity consistent with full-time TVA employment, so it would not be improper for you to participate on this basis; you should, however, avoid regular involvement. Similarly, to avoid any question of compliance with the recently enacted outside employment restrictions of 5 U.S.C.A. app. 7 § 502, you should avoid involvement (other than as stockholder) which would be considered "affiliation" with the company. Also under Section 502, you should not allow the company to "use" your name, for example, by listing you on company letterhead; this would not prevent the company from continuing to use "Kennoy" as part of its name, based on our understanding that "Kennoy" reflects not only you but other members of your family.

As recently interpreted by the Office of Government Ethics, the "affiliation" and "use" provisions of Section 502 apply even if you receive no compensation. The other provisions of Section 502, and the provisions of 5 U.S.C.A. app. 7 501, apply only if there is compensation. In this regard, please note that Section 102 of Executive Order No. 12,674 prohibits Presidential appointees to full-time noncareer positions from receiving "any earned income for any outside employment or activity performed during that Presidential appointment." Thus, this provision of the Executive order effectively eclipses the compensation provisions of Sections 501 and 502 as to Presidential appointees.

To comply with 18 U.S.C.A. 203, you must not seek, accept, or agree to accept any compensation for representational services rendered, even by someone other than you, before any Federal agency, court, or commission in a matter in which the United States is a party or has a direct and substantial interest. For example, you must not share in any compensation paid to Kennoy Engineers, Inc., for representations made by employees of the company to the Environmental Protection Agency.

To comply with 18 U.S.C.A. 208, you must not participate personally and substantially on behalf of TVA in any particular matter affecting a financial interest of yours or of any entity with which you serve as officer, director, trustee, general partner, or employee, or with which you are negotiating or have any arrangement concerning prospective employment. For example, you would be required to recuse yourself from any TVA decision whether to lease office space from C&K Properties. Our search of recent TVA records indicates no TVA activity involving Kennoy Engineers, Inc., or C&K Properties, and you have confirmed this. Thus, we think it is very unlikely any issues will arise under Section 208, but you should remain alert to potential issues while conducting TVA business.

These are the only matters we have identified which appear to require specific discussion at this time.

After your TVA service has ended, you will be subject to the restrictions of the Federal post-employment law, 18 U.S.C.A. 207 (Supp. 1990).

Sincerely,

William L. Osteen, Jr.
Associate General Counsel and
Designated Agency Ethics Official

Enclosures